



**Director of
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NATO: Defense Ministers' Meeting

NATO Defense Ministers, at Defense Planning Committee meetings ending today, will reaffirm the Alliance's nuclear and conventional strategies and highlight force plans for 1985 to 1990.

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A draft of the final communique indicates that all but the Greek and Spanish Defense Ministers will endorse the US negotiating position at the START and INF talks, including recent proposals for an interim INF solution. They also will maintain that the key to successful arms control lies in persuading the USSR that NATO will deploy its INF missiles in December unless an agreement at Geneva makes those deployments unnecessary.

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All but the Spanish Defense Minister will acknowledge that events outside the NATO area may threaten the security of the Alliance. They will agree to begin identifying measures necessary to compensate for potential diversions of US forces to Southwest Asia.

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In addition, the Defense Ministers will agree to examine ways to improve NATO's conventional defenses through the rest of the decade, a period of anticipated sluggish economic growth. They will highlight the need to exploit emerging technologies, to coordinate defense planning, and to improve armaments cooperation as ways to allocate national resources more effectively.

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Comment: Out-of-area issues and the emphasis on exploiting new technologies may soon be debated more vigorously within the Alliance. Although the Allies recognize the importance of out-of-area problems, they are reluctant to make advance commitments to compensate for potential diversions of US forces earmarked for reinforcing Europe. They probably also fear that making plans for non-NATO contingencies would raise difficult questions about NATO strategy, US troops in Europe, and conventional arms control.

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West European Defense Ministers recently noted that their countries have large trade imbalances with the US in arms and technology. They almost certainly will insist that their defense industries benefit from genuine mutual cooperation in exploiting technology-based improvements in conventional armaments.

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⑤ **NICARAGUA: Coercing the Opposition**

5 The Sandinistas are making it clear to the opposition that neutrality is unacceptable in the war against the insurgents.

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1 A progovernment newspaper asserts that the opposition has to decide whether it is for or against the revolution. It says there can be no intermediate position. The article coincides with a Sandinista leader's denunciation of the censored opposition newspaper as an "agent of imperialism."

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2 Last week the government expropriated the farm of a prominent leader of the private sector because of his public statements that the US reduction of Nicaragua's sugar quota is not an act of aggression. This move follows the expropriation of 15 other farms, whose owners allegedly collaborated with the insurgents.

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3 The Justice Minister says two newly created special tribunals will try individuals accused of price speculation, hoarding, or rumor mongering. The government claims the tribunals will not violate human rights. All judges in the tribunals are members of Sandinista mass organizations, however, and only two are lawyers.

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5 **Comment:** The Sandinistas have increasingly criticized opposition and Church leaders for their failure to condemn insurgent attacks. The recent extension of the state of emergency for a full year foreshadows continued suppression of independent political activity.

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4 The seizure of farms is a more severe use of expropriation as a tool for political coercion. The government previously had seized property after opponents went into exile. The punitive measures for failing to denounce insurgent activity are part of a campaign to force the populace to make commitments to the regime.

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EL SALVADOR: Shakeup in the Military

Recent command changes strengthen the hand of the extreme right in the armed forces and also underscore the shortage of competent senior officers. US military informants confirm that Colonel Carranza, who has strong ties to Assembly President D'Aubuisson, will head the Treasury Police and that an officer allegedly implicated in the killing of two US labor officials in 1981 will run the Engineer Training Center. Other changes involve the commands in three departments and the military press office, which has been criticized for poor management and for disseminating erroneous information. [REDACTED]

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Comment: Carranza's extremism apparently undercut his bid to become chief of staff, but his appointment to the Treasury Police will give him access to the high command and to key officers in the departments. He probably will push for an increasingly aggressive war strategy and may be tempted to encourage rightist sentiment in the officer corps. Most of the other changes are unlikely to result in more effective government action, particularly in Chalatenango Department. The new commander there reputedly is as ineffective as his predecessor. [REDACTED]

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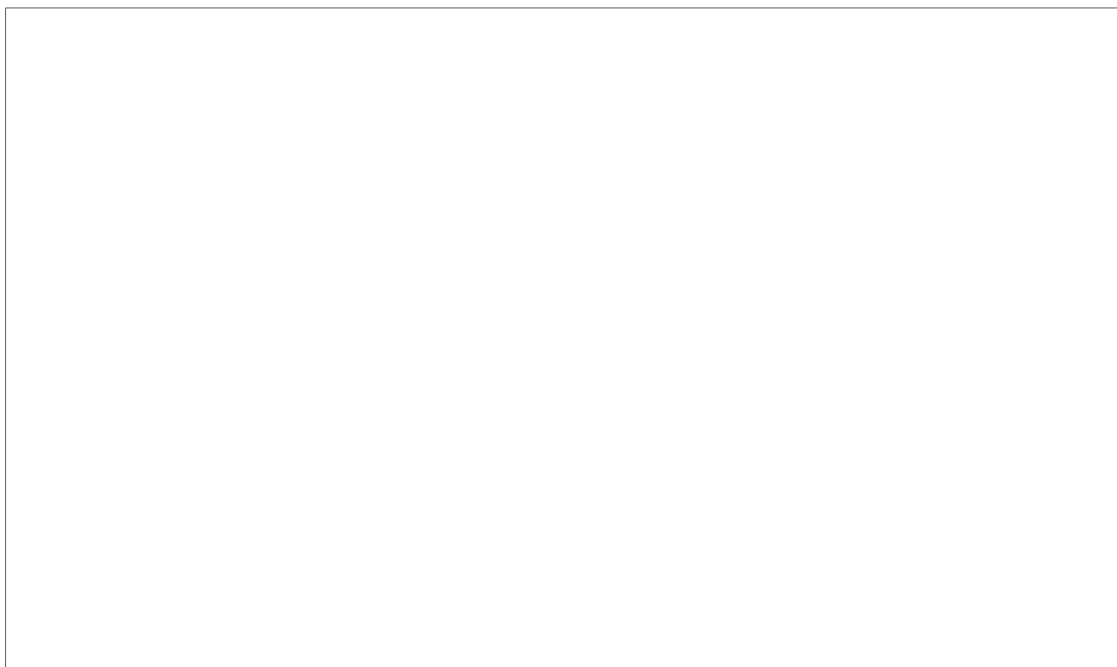
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MOZAMBIQUE: Moves Toward Moderation

1-3 A cabinet shuffle last weekend in which several Marxist hardliners were downgraded and pragmatically oriented officials were given wider responsibilities reflects President Machel's interest in moderating his government's domestic and foreign policies. Last month the government took steps to decentralize the bureaucracy and stimulate private farming. In addition, Maputo has been trying to play a constructive role in Western-sponsored efforts to resolve the Namibia problem. The government's public commentary following South Africa's recent air attack and Mozambique's subsequent downing of an unmanned South African reconnaissance aircraft has been restrained. [REDACTED]

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Comment: Machel apparently hopes this approach—which he began last year—will result in increased Western economic aid. He also probably wants to encourage Western pressure on South Africa to refrain from further military strikes and to reduce its backing for Mozambican insurgents. If the insurgency and Mozambique's economic troubles continue to worsen, however, Machel may revert to a more doctrinaire stance and seek additional aid from the USSR and its allies. [REDACTED]

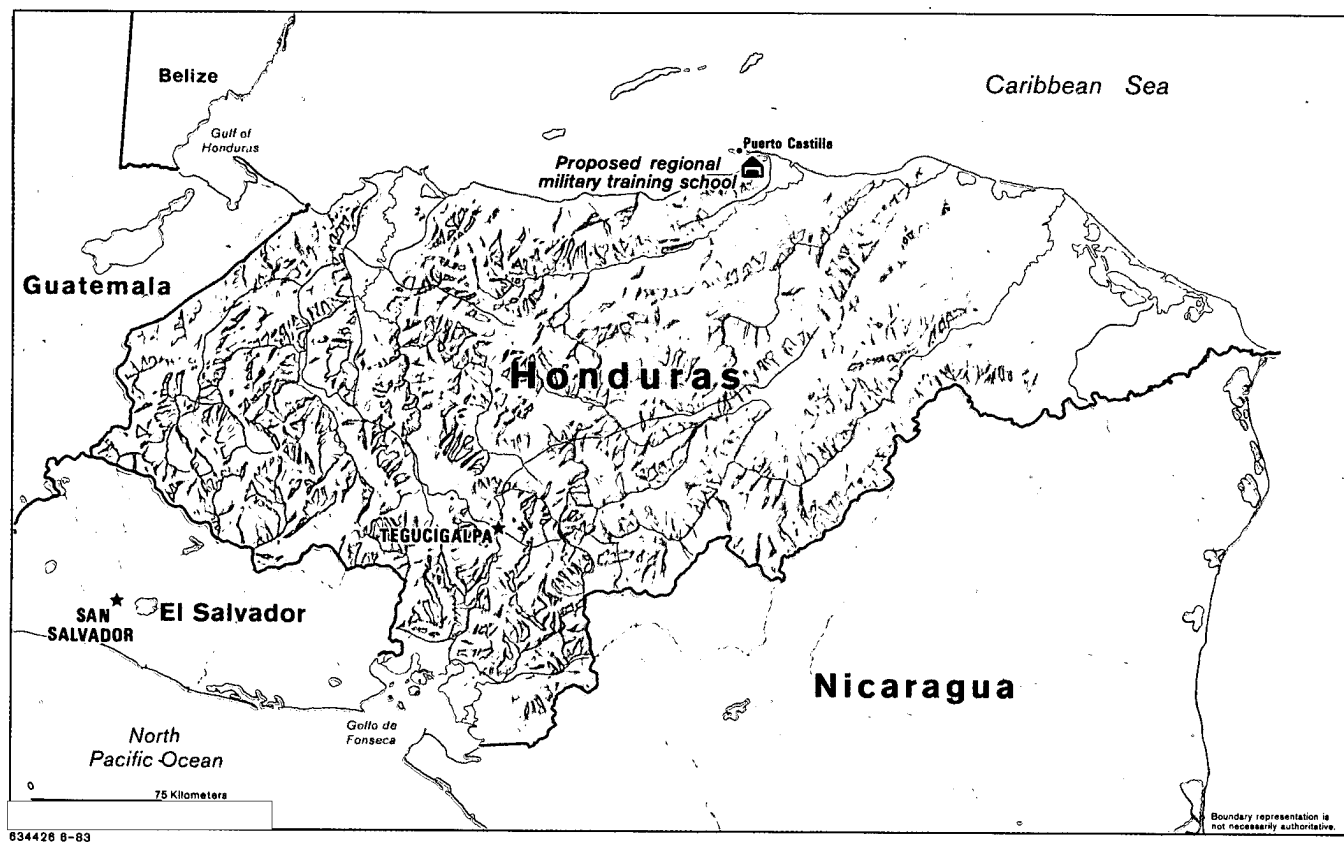
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HONDURAS-US: Criticism of Training Agreement

2 A leader of the Honduran National Congress has expressed strong reservations about the recently announced Honduran-US agreement to establish a regional military training school. He says the decision to train foreign troops in Honduras is illegal and probably will lead to increased involvement in regional conflicts. The facility is scheduled to begin training 2,400 Salvadoran troops with assistance from 100 US advisers within the next few months. It is located at an isolated site near Puerto Castilla on the northern coast. [REDACTED]

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1 **Comment:** President Suazo's administration pushed the proposal through the Honduran National Security Council—a civilian-military decisionmaking coalition—to avoid having to take the decision to the Honduran congress. Tegucigalpa probably will face growing domestic opposition to the action as well as the wrath of regional insurgents for its increasingly pro-US policies. The government is unlikely to back down, however, because it expects more US military and economic aid in return. [REDACTED]

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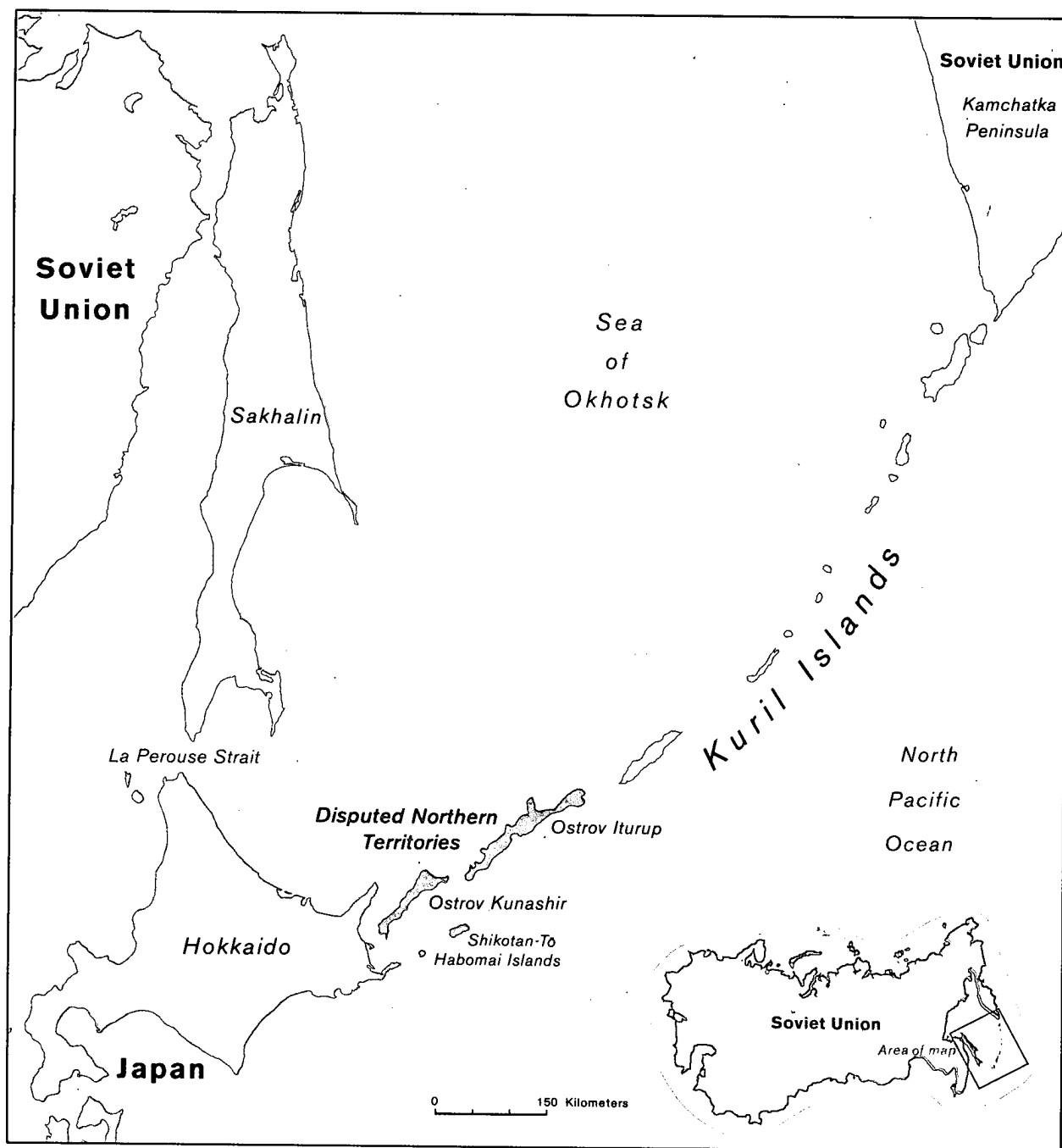
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USSR-JAPAN: Soviet Warning on Defense Policy

A TASS dispatch on Tuesday condemned the plans of Japan Defense Agency Chief Tanikawa to conduct a "visual" inspection of the Northern Territories. It also warned that any further buildup of the Japanese armed forces or deployment of US nuclear arms near Soviet borders in the Far East would force the USSR to take unspecified "additional countermeasures." A week earlier Soviet Deputy Foreign Minister Kapitsa had insisted that the USSR would never give the islands back to Japan, adding that "Japan doesn't want the territories, it wants the issue."

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Comment: Moscow apparently views the beginning early last month of continual Japanese ship patrols along La Perouse Strait and other moves as further proof that Prime Minister Nakasone has no interest in improved bilateral ties. The Soviets almost certainly will continue to use Japan's "provocative" actions and increased defense spending and cooperation with the US as justification for their own military buildup in the Far East, especially their continuing deployment of SS-20 missiles there. The USSR also will keep trying to promote domestic opposition to Nakasone's policies.

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Special Analysis

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PLO: Arafat and the Fatah Revolt

5 The recent mutiny of some Fatah officers serving in Lebanon has seriously damaged PLO chairman Arafat's political position. Although Arafat is likely to survive as PLO leader, Syria's influence on his policies has increased. For now, he probably will have to abandon his efforts to find a role for the PLO in the peace process. [redacted]

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1 Both military and political leftists in Fatah have become involved
2 in the revolt. The most prominent military officer, Said Muragha, was removed earlier this year from an operational command for criticizing Arafat's policies. [redacted]

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1 Muragha has joined forces with Muhammad Nimr Salih and Abu
2 Kuwayk Qadri, who are prominent leaders of Fatah's leftist, pro-Syrian wing. Arafat suspended Salih from Fatah's Central Committee in January after he joined the Syrians in opposing the PLO chief's policies. [redacted]

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1 The leftists have gained support from some nonleftist members of
2 Fatah's military forces in the Bekaa Valley and in Damascus, but active dissidents apparently number only a few hundred. Some of the regulars joined the mutiny as a result of Arafat's recent appointment to key commands in Lebanon of two of his loyalists who are considered cowardly and incompetent by their fellow officers. [redacted]

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Rebel Grievances

Muragha seized on this issue to launch the revolt. Most of the regulars probably would end their participation if their military grievances were satisfied. The leftists have called for:

- An end to PLO discussions with Jordan about a common approach to the peace process.
- 1
2 — Rejection of the Fez Summit proposals, which implied an Arab willingness to recognize Israel.
- Explicit repudiation of the US peace initiative.
- The return to Lebanon of all PLO fighters evacuated from Beirut last fall.
- Removal of the two unpopular officers appointed by Arafat. [redacted]

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1/2 Some of these points probably are negotiable, but the rebels are demanding that Arafat abandon his attempts to achieve Palestinian aspirations by political means and return to almost exclusive reliance on "armed struggle." The leftists probably would end their mutiny, however, if they were satisfied that Arafat would adopt more militant policies and provide for even greater collegial rule within Fatah and the PLO than already exists. [redacted]

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3/5 Arafat has thus far agreed to allow the Fatah Central Committee to consider the recent military appointments, and he has tried to end the dispute through negotiations. The emphasis on maintaining PLO unity at almost any cost has been a key element of his leadership, but his inability to deal decisively with a handful of dissidents in his own guerrilla group has eroded his prestige. [redacted]

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3/ The PLO leader apparently fears that there is more latent opposition in Fatah and that an attempt to deal ruthlessly with the rebels would risk more open displays of dissidence. [redacted]

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External Involvement

2/5 Syria has encouraged the rebels because it wants to undermine Arafat's independence and remind him that it may hold the key to his survival. Two Syrian-dominated Palestinian guerrilla groups are supporting the rebels in the Bekaa Valley. Arafat's fear of provoking the Syrians if he cracks down on the rebels has further damaged his prestige in the PLO. [redacted]

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2/5 The revolt has forced the pace of Arafat's own recent moves to bring his policies more in line with those of Syria. The breakdown in April of his dialogue with King Hussein had already required the PLO leader to begin improving relations with Syria, and this trend was reinforced by the need to coordinate closely with Syria in anticipation of renewed hostilities in Lebanon. [redacted]

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2/ Libya has given vigorous vocal support to the rebels, especially since Libyan leader Qadhafi's call on 22 May for a unified Palestinian resistance under dissident leadership. [redacted]

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1/5 Meanwhile, Salah Khalaf, Fatah's second in command, was scheduled to arrive in Moscow yesterday. He evidently will try to persuade the Soviets to express their support for Arafat's leadership.

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Outlook

1/5 The revolt does not seem to pose an imminent threat to Arafat's survival. Both Syrian and Fatah dissidents apparently believe that their interests are better served if the PLO remains nominally united under Arafat but follows a more hardline and pro-Syrian policy.

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1/5 An attempt to remove Arafat would lead to factional fighting in the PLO and put Syria in the unwanted role of policeman. The other Arab states would consider a direct move by Damascus against Arafat to be a flagrant attempt to turn the PLO into a Syrian puppet, thereby contributing to Syria's political isolation in the region. Syria's recent efforts to mediate the Fatah dispute indicate that Damascus wants to keep the mutiny within bounds now that it believes Arafat has been chastened.

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1/5 Arafat temporarily—and perhaps permanently—has lost his ability to act independently of Syria in the Middle East peace process. He almost certainly will have to appease PLO militants by abandoning efforts to arrange a joint negotiating strategy with Jordan. Syrian President Assad will be able to use the Palestinian issue in any bargaining for a comprehensive Middle East settlement favorable to Damascus.

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1/5 The weakening of Arafat's authority will increase the influence of PLO radicals. As a result, Arafat will be hard pressed to prevent the organization from turning to more militant and obstructionist tactics in its dealings with Israel.

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